

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0440-02
Bill No.: SB 20
Subject: Taxation and Revenue - Property; Taxation and Revenue - Sales and Use; Kansas City; Economic Development
Type: Original
Date: January 3, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Blind Pension	\$0	(Unknown)	(Unknown)
School District Trust	\$0	(Unknown)	(Unknown)
Conservation	\$0	(Unknown)	(Unknown)
Parks and Soil	\$0	(Unknown)	(Unknown)
Total Estimated Net Effect on Other State Funds	\$0	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** assume there would be no administrative impact to their organization. Department of Revenue officials assume this proposal could result in unknown reductions in property and sales taxes.

Officials from the **State Tax Commission** assume this proposal would result in an unknown negative impact in the form of reduced property tax collections for any political subdivision that has an interstate compact agency.

Oversight assumes this proposal would result in unknown reductions in local sales and property tax collections for political subdivisions where otherwise taxable property related to interstate compact agencies is located. In addition, Oversight assumes there could be an unknown negative impact to the Blind Pension Fund from reduced property tax collections, and to the General Revenue Fund, School District Trust Fund, Conservation Fund, and Parks and Soils Fund from reduced sales tax collections. The first fiscal impact of this proposal could be for sales taxes collected in FY 2004, and for 2004 property taxes collected in FY 2005.

ASSUMPTION (continued)

Officials from the **City of Kansas City, Jackson County, St. Louis County, the City of St. Louis, Bi-State Development Agency,** and the **Kansas City Area Transportation Authority** did not respond to this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE FUND			
<u>Revenue reduction</u>			
Sales Taxes	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
BLIND PENSION FUND			
<u>Revenue reduction</u>			
Property Taxes	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON BLIND PENSION FUND	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
CONSERVATION FUND			
<u>Revenue reduction</u>			
Sales Taxes	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON CONSERVATION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - State Government -</u> continued	FY 2004 (10 Mo.)	FY 2005	FY 2006
PARKS AND SOIL FUNDS			
<u>Revenue reduction</u>			
Sales Taxes	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON PARKS AND SOIL FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
SCHOOL DISTRICT TRUST FUND			
<u>Revenue reduction</u>			
Sales Taxes	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
POLITICAL SUBDIVISIONS			
<u>Revenue reduction</u>			
Property and Sales Taxes	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would create a tax exemption for property leased or transferred by certain interstate compact agencies. The proposal would exempt such property from taxation for state, county or local purposes:

- All real or personal property leased or otherwise transferred by an interstate compact agency created pursuant to sections 70.370 to 70.441, RSMo, or sections 238.010 to 238.100, RSMo.
 - (a) To another for which or whom such property is not exempt.
 - (b) When immediately after the lease or transfer, the interstate compact agency enters into a leaseback or other agreement that directly or indirectly gives such interstate compact agency a right to use, control, and possess the property.
 - (c) Provided that in the event of a conveyance of such property, the interstate compact agency must retain an option to purchase the property at a future date or, within the limitations period for reversioners, the property must revert back to the interstate compact agency.
- Property will no longer be exempt as of the date, if any, when:
 - (a) The right of the interstate compact agency to use, control, and possess the property is terminated.
 - (b) The interstate compact agency no longer has an option to purchase or otherwise acquire the property.
 - (c) There is no provision for reversioner of the property within the limitation period for reversioners.

This legislation is not federally mandated, would not duplicate any other program and would not

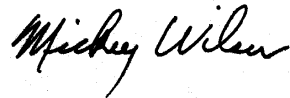
require additional capital improvements or rental space. This proposal could impact total state revenue.

SOURCES OF INFORMATION

Department of Revenue
State Tax Commission

NOT RESPONDING

City of Kansas City
City of St. Louis
Bi-state Development Agency
Kansas City Area Transit Authority
Jackson County
St. Louis County



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Director
January 3, 2003